

Old Age, Disability, Death

First law: 1937.

Current laws: 1956 (universal pensions), 1961 (earnings-related pensions), 1969 (survivor pensions—amended 1990 to include widowers), 1986 (partial pension and early pension), and 1996 (amendments). Type of program: Universal pension program and statutory earnings-related pension plans.

Exchange rate: U.S. \$1.00 equals 4.58 marks.

Coverage

Universal pension (income-tested): All Finish citizens residing in Finland for at least 3 years as well as citizens of other countries residing in Finland for 5 years or more immediately preceding pension; or, aged 16 and older.

Employment-related pensions: All regular employees aged 14 and older (each employer must establish pension plan for own employees).

Exclusions: Employees working less than 1 month for same employer, or earning less than 1,135.40 marks per month.

Special systems for seasonal, maritime, public employees, and for farmers and the self-employed.

Source of Funds

Insured person: Universal pension—employees, none.

Self-employed (as of January 1996): 20.4%; if under age 43 and becoming self-employed for the first time 1996, 10.2% in the start-up year and the two following years; maximum earnings for contribution purposes: 446,700.51 marks a year.

Earnings-related pension, 4.5% of taxable income.

Employer: Universal pension: 2.4% to 4.9% of payroll (private employers, depending on capital of employer) or 3.95% of payroll (public employers).

Earnings-related pension: 16.8% for employers with fewer than 50 employees; 9.46% to 25.34%, according to age and sex of employee, for employers with more than 50 employees.

Government (as of January 1996): About 36% of universal pensions (about 3/4 of this borne by local governments); and all universal survivor pensions. Also pays cost of earnings-related pension for self-employed and farmers not covered by their own contributions.

Employment-related pension contributions are paid on total wage.

Average for all employees and employers: 21.2% of payroll in 1997.

Qualifying Conditions

Old-age pension: Universal pension (income-tested)—age 65; retirement not necessary; not payable abroad after 1 year, unless resident of Finland for at least 10 years before beginning pension or abroad for medical reasons. Early pension: age 60-64.

Earnings-related pension—age 65 and retirement from covered employment. 40 years' coverage for full pension.

Early pension: age 60-64; individualized early pension: payable age 58-64 (or 55-64 if born before 1940), unable to perform on job due to job pressures, technological changes, etc.

Part-time pension (earnings-related pension only): Aged 58-64.

Reduced work schedule (16-28 hours per week and earnings equal to

35% to 70% of full-time earnings), employed full-time for 12 of past 18 months, and covered during at least 5 of preceding 15 years.

Unemployment old-age pension: Payable at age 60 after exhausted unemployment benefit for maximum duration of 500 days and covered for at least 5 of last 15 years.

Disability pension: Universal pension (no income-test) — permanent incapacity for suitable work, aged under 65.

Early disability pension: Payable age 58-64 (from age 55 if born before 1940), unable to work due to mental or physical exhaustion.

Disabled person's allowance: aged 16-64 who are not pensioners.

Child care allowance: children under age 16 with disability or long-term illness.

Earnings-related pension—At least 60% or more permanent loss of work capacity, or 40-59% permanent loss for partial pension; payable after exhaustion of 300 days of cash sickness benefits.

Rehabilitation benefit: Payable to disabled employee or the self-employed, at least 60% or more temporary loss of work capacity (40-59% loss for partial disability), undergoing treatment or rehabilitation.

Survivor pension: Universal pension (no income-test)—deceased lived in Finland at date of death for at least 3 years if citizen (if not citizen, 5 years); widow(er), if Finnish citizen must have lived in Finland at date of death or move to Finland within one year of death of spouse (non-citizen must have lived in Finland 5 years before date of death). Widow(er) must be under age 65, married to deceased before age 65, caring for a child under age 18 or, if childless, be at least 50 years old at spouse's death; in addition, must have been married at least 5 years.

Supplementary survivor's pension (income-tested): Same as under universal old-age pension.

Universal orphan's pension: Under age 18 (under age 20 if student); resident of Finland or moved to Finland within one year.

Orphan's supplement (income-tested): Under age 18 (not for students aged 18-20).

Earnings-related pension, deceased was pensioner or met pension requirements at death, married before the deceased spouse's 65th birthday; if childless, couple must have been married for at least 5 years, and survivor must have been at least age 50 at time of marriage. Paid to widow(er) on equal terms, and to children and former spouse.

Old-Age Benefits

Universal old-age pension (income-tested): 60-2,547 marks per month, according to municipality, marital status, other income (including other pension) received. Income test: Benefit reduced to 50% of the difference between outside income and 245 marks per month; pension not payable if other income exceeds 4,406-5219 marks per month, according to family status and municipality.

The amount is also adjusted to the length of residence in Finland, with the full amount payable after 40 years of residence, reduced on a pro-rata basis if less than 40 years.

Other components (as of January 1996): Housing allowance, proportional to income and housing expenses, up to 722 to 2,594 marks a month, according to municipality, marital status, and number of family members; pensioner care allowance:

278, 691, or 1,382 marks a month, based on extent of care needed.
 Early pension: Payable from age 60; amount reduced by 4-6 percent per year claimed before age 65.
 Deferred pension: Increment of 1 percent of pension for each month deferred after age 65.
 Universal pension and supplements adjusted automatically each year for changes in cost-of-living index.

Earnings-related old-age pension: Full pension, 1.5% (2.5% for years at age 60 and older) of average pensionable earnings (based on average annual earnings from 1991, but no more than 10 years, eliminating highest and lowest earnings years) times years of coverage (maximum: 40 years from age 23) until age 65. For each year before 1 July 1962, 0.5% is credited.

Early pension: payable at age 60, amount reduced by up to 6% per year.

Individualized early pension: Same as disability pension below.

Part-time pension: 50% of the difference between former full-time income and part-time income.

Unemployment old-age pension: Same as disability pension below.

Adjustment: Employment-related benefits payable to pensioners aged 65 and older are adjusted yearly according to 20% of the annual average increase in wage (or 50% if pensioner under age 65) and 80% of annual average increase in price (50% if pensioner under age 65) changes.

Permanent Disability Benefits

Universal disability pension (income-tested): Same as old-age pension. Full pension if resident of Finland, 80% of time after age 16 and before disability or disabled before age 21 while resident of Finland.

Disabled person's allowance: 278, 691, or 1,382 marks a month, depending on harmful effects of illness or injury, the need for assistance, and for additional expenses caused by illness or disability. Universal pensions and allowances adjusted each year for changes in the cost-of-living index.

Earnings-related disability pension: 1.5% of wage for each year of service up to onset of disability, plus 1.5% per year to age 50, 1.2% per year of projected service between ages 50 and 60, and 0.8% per year from age 60 to 65. Maximum (including universal disability pension): 60% of earnings.

Partial pension, 1/2 of full pension (if loss of work capacity is between 40-59%).

Rehabilitation benefit (for treatable disability): same as full or partial-disability benefit, plus 33% increment for periods of active vocational rehabilitation arranged for the applicant by the employer.

Adjustment: Employment-related benefits payable to pensioners aged 65 and older are adjusted yearly according to 20% of the annual average increase in wage (or 50% if pensioner under age 65) and 80% of annual average increase in price (50% if pensioner under age 65) changes.

Survivor Benefits

Universal survivor pension: First 6 months following spouse's death, maximum basic pension of 1,351 marks a month, plus means-tested supplement up to 1,196 marks a month, and housing allowance—according to geographical area—payable to widow(er). From 7th month, means-tested (same as universal old-age basic

benefit, except if surviving spouse caring for dependent child). Adjusted for length of residence of the deceased.

Orphans (under age 18, or age 20 if student): Up to 264 marks a month; full orphan, up to 528 marks a month; either may be increased by maximum 352 marks a month (means-tested); increase not applicable to student aged 18-20.

Adjustment: Universal pension and allowances adjusted automatically each year for changes in the cost-of-living index.

Earnings-related survivor pension: Widow(er), up to 50% of pension payable to insured (no means test for first 6 months), if 50 years old, disabled, has/had a child with the deceased, or is caring for child(ren) aged 18 or younger. Pensions reduced beginning the 7th month if spouse received pensions in his/her own right and if exceeding specified amount.

Orphans (under age 18): 1/3 of insured's pension for 1, up to 5/6 for 4 or more. Full orphan's pension increased by another 1/6, not to exceed insured's pension.

Adjustment: Employment-related benefits payable to pensioners aged 65 and older are adjusted yearly according to 20% of the annual average increase in wage (or 50% if pensioner under age 65) and 80% of annual average increase in price (50% if pensioner under age 65) changes.

Administrative Organization

(as of January 1996)

Ministry of Social Affairs and Health, general supervision of the private-sector social security pension program.

Social Insurance Institution, administration of universal and disability pensions through district offices; managed by governing body appointed by Parliament.

Local boards determine old-age and survivors' benefit. Disability claims are determined by central administration.

Municipalities collect universal pension contribution with communal (municipal) taxes.

Central Pension Security Institute, supervision of employment-related pension plans, including transfer of rights among plans; tripartite board.

Carriers for employment-related pension plans are approved private insurance companies, pension funds, and pension foundations; farmers' pensions through Farmers' Social Insurance Institution.

Pension programs in the public sector are administered by the Local Government Pensions Institute (under the general supervision of the Ministry of the Interior), and for the State employees by the State Treasury Office (under the general supervision of the Ministry of Finance).

Sickness and Maternity

First and current law: 1963.

Type of program: Social insurance system (cash and medical benefits).

Note: Health care is provided by both a private sector sickness insurance program and a public sector (municipal) health services program financed primarily by local and national taxes.

Coverage

Medical benefits: All residents.

Cash benefits: All employed, self-employed, and students aged 16-64.

Source of Funds

(as of January 1996)

Insured person: Employee contributes 1.9% on income up to 80,000 marks a year and 3.35% on annual income above 80,000 marks. Pensioner contributes 4.9% and 6.35% on similar income levels.

Employer: 1.60% of payroll (private employers) or 2.85% to 7.85% of payroll (public employers).

Government: Remaining cost.

Qualifying Conditions

Cash sickness benefits: Employment during last 3 months, unless involuntarily unemployed.

Cash maternity benefits: Residence in country; immigrants must complete 180 day waiting period.

Medical benefits: Residence in country.

Sickness and Maternity Benefits

Sickness benefit: 70% of daily earnings, if annual earnings 132,800 marks or less; plus 40% of daily earnings for annual earnings between 132,800 and 203,520 marks, plus 25% of daily earnings for annual earnings 203,520 marks or more.

Minimum benefit, 11.85 marks per day.

Sickness allowance (means-tested): payable if annual earnings less than 5,320 marks, and after 60 days of disablement.

Payable after 10-day waiting period for up to 300 weekdays.

Rehabilitation benefit: Same as cash sickness benefit, if receiving medical treatment and/or vocational training under social security rehabilitation program.

Maternity benefit: Same as sickness benefit above; minimum benefit, 60 marks per day. Payable to mother starting 50 to 30 days before estimated delivery (except if exposed to risk factors that can not be eliminated, in which case a special maternity allowance is payable throughout the pregnancy), continuing for 105 work days (maternity allowance). Thereafter payable to either parent for 158 weekdays (parent's allowance).

Payable for 218 days if multiple birth, 100-234 days if adoption.

Special care allowance: Payable for 60 days a year to parents caring for sick child at hospital or home (90 days if seriously ill).

Workers' Medical Benefits

Medical benefits: Under sickness insurance—cash refund for certain medical expenses, based on predetermined schedule. Includes 60% of private doctor's fee, 60%-90% of private dentist's fee (for those born 1956 or later), 75% of cost of prescribed examinations and prescribed treatment over 70 marks deductible, 50% of cost of medicines over 50 marks (75%-100% reimbursement for drugs used to treat grave and prolonged illness over 25 marks deductible, full refund if annual cost of prescription drugs exceed 3,184.79 marks), and 100% transportation expenses in excess of

45 marks (full refund if annual deductible expenses exceed 900 marks).

Sickness insurance also covers 50% of the occupational health care costs incurred by the employer.

Under municipal health services—100 marks fee for first annual visit; subsequent visits are free of charge.

Free hospital care, except for a 100 mark fee per outpatient visit, 125 marks per inpatient day.

Dependents' Medical Benefits

Medical benefits for dependents: Same as for family head.

Administrative Organization

Ministry of Social Affairs and Health, general supervision.

Sickness insurance: Social Insurance Institution, national administration of program.

Employees sickness funds reimbursed by Social Insurance Institution.

Employers providing medical benefits directly to own employees are reimbursed by Social Insurance Institution.

Public health and hospital services: Provided by municipalities or federation of municipalities.

Work Injury

First law: 1895.

Current law: 1948; farmers, 1981.

Type of program: Statutory insurance with private carrier.

Coverage

Employed persons. Special systems for farmers and public employees.

Source of Funds

Insured person: None.

Employer: 0.5% to 11.7% of payroll, according to risk (average: 1.4%).

Government: None.

Qualifying Conditions

Work-injury benefits: No minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit: 100% of earnings, reduced proportionately for partial disability of 10% or more.

Payable from day after accident occurred (unless incapacity less than 3 days) for up to 12 months, 7 days a week.

Permanent Disability Benefits

Permanent disability pension: Basic pension equal to 85% of earnings for total disability up to age 65, thereafter 70%; proportionally reduced for partial disabilities of 10% or more.

Constant-attendance supplement: Up to 116 marks a day.

Hardship allowance: payable in cases of permanent general handicaps (in 20 disability categories): Amount according to age and gender.

Workers' Medical Benefits

Medical benefits: Medical attendance, surgery, hospital treatment, medicines, appliances, rehabilitation.

Survivor Benefits

Survivor pension: Payable to widow, widower, and orphans. Maximum survivor pension: 70% of earnings of insured. Funeral grant: 19,100 marks.

Administrative Organization

Ministry of Social Affairs and Health, general supervision. Federation of Accident Insurance Institutions (FAII), legal co-ordinating body for the application of statutory accident insurance legislation among member companies and statistics. Insurance written and largely administered by licensed private companies. Farmers' coverage through Farmers' Social Insurance Institution. Public employees through State Treasury Office.

Unemployment

First laws: 1917 (unemployment insurance), 1960 (unemployment assistance). Current law: 1984 (Unemployment Security Act). Type of program: Dual subsidized voluntary insurance (unemployment fund) and unemployment assistance systems.

Coverage

Insurance: Gainfully employed workers aged 17-64. Assistance: Residents of Finland aged 17-64.

Source of Funds (as of January 1996)

Insured person: About 5.5% of unemployment funds' expenditures. **Employer:** 47% of unemployment funds' expenditures, payable through Central Fund that coordinates payments to individual funds. **Government:** Cost of basic benefits; 47.5% of unemployment fund's expenditures. Unemployment assistance is fully financed by the government.

Qualifying Conditions (as of January 1996)

Unemployment benefit: Basic benefit—No qualifying period, except first-time employees or job-seekers must have been employed or actively seeking employment for at least 5 months. **Earnings-related (unemployment fund) benefit**—Member of unemployment fund; worked at least 26 weeks during 24 months prior to becoming unemployed. Unemployment not due to voluntary leaving, work stoppage, or refusal of offer of suitable employment.

Unemployment Benefits

Unemployment benefit: Basic benefit (means-tested), 118 marks a day (plus 24 marks a day for 1 child, 35 marks for two, and 45 marks for 3 or more children), payable up to 500 days. **Earnings-related (unemployment fund) benefit**—If monthly earnings less than 10,620 marks, 118 marks a day, plus 42% of daily wage; if monthly earnings equal to 10,620 marks or more, 266.57

marks a day plus 20% of daily earnings in excess of 471.73 a day. Supplement for dependent child(ren): Same as under Basic unemployment benefit above. Maximum (including child increases): 90% of insured's daily wage. Payable up to 500 days in 4 consecutive years (if the recipient reaches age 55 before the benefit has been paid for 500 days, payable until the end of the calendar month in which the recipient reaches age 60), 5 days a week.

Administrative Organization

Ministry of Social Affairs and Health, supervision of unemployment insurance. Basic benefit program—Administered by the Social Insurance Institution through its local offices. Earnings-related (unemployment fund) program—Administered by approved unemployment funds. At least 3,000 members required in fund in order to receive full government support.

Family Allowances

Current law: 1948 and 1985 (Child Home Care Allowance). Type of program: Universal system.

Coverage

All residents with 1 or more children.

Source of Funds

Insured person: None.

Employer: None.

Government: Entire cost. Municipal authorities, entire cost of child home care allowance.

Qualifying Conditions

Family allowances: Child must be under age 17. Birth grant: Provided to citizen upon birth of child. Foreign nationals with one year residence are also eligible. Child home care allowance (as of January 1996): Child must be under age 3. Maternity benefits no longer payable. One of parents must care for child at home.

Family Allowance Benefits

Family allowances: 6,420 marks a year for 1 child, 14,300 marks for 2 children, 23,650 marks for 3 children, 34,460 marks for 4 children, and 12,280 marks a year for each additional child. Also single parent supplement (or legally separated or unmarried parent): 2,400 marks a year for each qualifying child. Birth grant: 760 marks, usually payable in kind. Child home care allowance (as of January 1996): Basic amount of 18,000 marks per year for each child under 3. Sibling increase of 3,600 marks per year for each additional child under age 7 cared for at home. Means-tested supplement up to 1,200 marks per month.

Partial home care allowance: 375 marks per month payable to parent who reduces working hours to maximum of 30 hours per week.

Administrative Organization

Ministry of Social Affairs and Health, general supervision;
Social Insurance Institution, national administration of Family Allowance program.